

CAL POLY POMONA FOUNDATION, INC.
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
AUDIT COMMITTEE

Friday, February 17, 2023
1:00 pm – 2:30 pm

Join Zoom Meeting
AGENDA

Committee Dr. David Speak
Chair:
Directors: Daniel Foncello, April Jimenez, John McGuthry, Stephanie Pastor, Ruby Suchecki, Joice Xiong
Staff: Claudia Burciaga-Ramos, Valerie Castro, Jared Ceja, Joanne Mathew

I. **ACKNOWLEDGEMENT OF MEMBERS OF THE PUBLIC** Who may or may not be commenting on a specific item or making a general comment.

II. **CONSENSUS ACTION ITEMS**

Items in this section are considered to be routine and acted on by the committee in one motion. Each item of the Consent agenda approved by the committee shall be deemed to have been considered in full and adopted as recommended. Any committee member may request that a consent item be removed from the consent agenda to be considered as a separate action item. If no additional information is requested, the approval vote will be taken without discussion. An "A" distinguishes items requiring approval.

		Page
1.	Approval of Audit Committee Minutes – September 14, 2022 September 23, 2022	Dr. David Speak, Chair 2-3

III. **GENERAL UPDATES**

2.	CEO's Report	Jared Ceja, CEO 4-5
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IV. **ACTION ITEMS**

-None-

V. **INFORMATION & DISCUSSION ITEMS**

3.	Audit Committee Charter	Jared Ceja 6-7
4.	Update on Responses to Facilities Audit	Joanne Mathew, CFO 8-9
5.	CSU Auxiliary Compliance Audit Update	Jared Ceja, Joanne Mathew 10
6.	Consultant Assessment – AREAS & Point Blank	Joanne Mathew 11-12

VI. **OPEN FORUM**

VII. **ADJOURNMENT** Dr. David Speak

CAL POLY POMONA FOUNDATION, INC.
Audit Committee Meeting Minutes
Wednesday, September 14, 2022 at 1:00 pm.

Present: Dr. David Speak, Daniel Foncello, April M. Jimenez, John McGuthry, Stephanie Pastor, Ruby Suchecki, Joice Xiong
Staff: Jared Ceja, Yvette Lane, and Joanne Mathew
Guests: Michael J. Good, Cohnreznick LLP

CALL TO ORDER

On behalf of Dr. David Speak, April Jimenez called the meeting to order at 1:01 p.m.

CONSENSUS ACTION ITEMS

1. Approval of Audit Committee Minutes – February 01, 2022
Moved and seconded by Ruby Suchecki and Stephanie Pastor to approved the February 1, 2022 minutes. No opposition, the minutes were approved.

GENERAL UPDATES

2. Executive Directors Report
Jared Ceja gave a recap of the several audits for the 21/22 fiscal year including the Decentralized Computing Audit with 0 findings, Auxiliary Operations Housing Audit as the most challenging audit, Executive Travel & Hospitality with 0 findings, the Annual Child Care Audit with 0 findings, the Annual Single Audit with 3 findings: timecards, spreadsheet, and COVID inventory, the Annual Financial Audit with 0 findings, and the recent university-wide Facilities Operations Audit. Jared provided highlights of the Board Retreat which was attended by most of the Board and non-board committee members, there was an orientation, legal Conflict of Interest review, history of the Foundation, review of the updated Mission/Vision/Values, tours of operations and culinary experience, 17 Strategic Priorities were sent in the pre-work, 9 presentations at the Retreat, and 5 discussed in workgroups, the feedback received was 73% highly satisfied, 27% satisfied and 0% neutral or unsatisfied. Jared spoke of the Foundation's efforts to make documentation, policies, procedures and SOPs a priority. The Foundation has two mechanisms to reach staff; pre-term kickoff meetings and mid-term town hall meetings. The pre-term breakfast meetings (2) include all full-time staff with presentations from staff, a recap of the past term, a look ahead, and a small Q&A portion. The Town Hall mid-term meeting is one session, limited presentations, and Q&A driven.

INFORMATION & DISCUSSION ITEMS

3. Introduction of New Committee Members
Chair Speak and Jared Ceja asked committee members and staff to introduce themselves.
4. Facilities Audit Results
Joanne Mathew reviewed the progress of the CSU facilities audit conducted to ascertain the effectiveness of the operational and administrative controls related to facilities management operations. The audit scope covered the areas of University Housing Services, Facilities Planning and Management, CPP Foundation, and Associated Students Inc. The Foundation received two recommendations related to work order administration that involved the completion and review of maintenance requests and work order standard operating procedures. The Foundation has accepted the recommendations and committed to have them implemented by the end of November.

ACTION ITEMS

5. 2021-2022 External Child Care Center Audit
Michael J. Good with Cohnreznick LLP presented the results of the audit of the State Preschool Program grants from the California Department of Education for the fiscal year ended June 30, 2022. He briefly reviewed the audit results on the communication to the Audit Committee and the Board on any significant audit matters during fieldwork, the financial statements with supplementary information for the year ended June 30, 2022 and the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.

Joanne Mathew and Jared Ceja reminded committee members of the shared responsibilities for the Child Care Center – ASI, CPP, and our Enterprise Foundation.

Motion made by John McGuthry second by April Jimenez, to approve the Cohnreznick LLP's State Preschool, General Child Care & Prekindergarten Programs audit report for the fiscal year ended June 30, 2022 as presented and forwarded the report to the Board of Directors for review and approval at its next regularly scheduled meeting. No opposition.

The meeting adjourned at 1:45 p.m. by consensus.

Dr. David Speak, Chair
Audit Committee

CAL POLY POMONA FOUNDATION, INC.
Special Audit Committee Meeting Minutes
Friday, September 23, 2022 at 11:00 a.m.

ZOOM

Present: Dr. David Speak, Daniel Foncello, April M. Jimenez, John McGuthry, Stephanie Pastor, Ruby Suchecki, Joice Xiong

Staff: Jared Ceja, Yvette Lane, and Joanne Mathew

Guests: Andy Maffia and Jessica Luther-Haynes of Aldrich CPAs + Advisor

CALL TO ORDER

The meeting was called to order at 11:01 am.

CONSENSUS ACTION ITEMS

1. N/A

GENERAL UPDATES

2. N/A

INFORMATION & DISCUSSION ITEMS

3. N/A

ACTION ITEMS

5. 2021-2022 External Financial & Single Audit Reports
Andrew Maffia of Aldrich CPAs + Advisor presented the External Financial and Single Audit Reports for the fiscal year ended June 30, 2022. Andrew reviewed the required communication, their audited opinion, management discussion and analysis, financial statements and footnotes. Andrew showed a summary of key financial statement trends and ratio analysis. An unmodified opinion was rendered on the June 30, 2022 financial statements, and an unmodified opinion on compliance over major programs and found no findings related to compliance. Audit areas designated as greater than normal risk were addressed and resolved in the context of the overall fairness of the presentation of the financial statements. Zero findings were made in relation to the Single Audit and the two Financial Statement findings were discussed in detail. Both findings were at the Significant level as opposed to the higher risk material findings. The statement disclosures are neutral, consistent and clear. Aldrich received the full cooperation of management and staff throughout the audit and were kept informed as to developments and plans affecting the audit scope.

Moved and seconded by April Jimenez and John McGuthry that the Audit Committee accepts Aldrich's unmodified opinion of the Foundation's Financial and Single Audit Reports and forwards the Reports to the Board of Directors for review and approval at its next scheduled meeting. No opposition, the motion was approved.

OPEN FORUM

Dr. Speak thanked staff for the work done on this subject. He mentioned he looks forward to approving the resolution at the Special Board meeting.

The meeting adjourned at 12:05 pm by consensus.

Dr. David Speak, Chair
Audit Committee



ED/CEO's Report

February 17, 2023

Audit Committee

Highlights

- ▶ Introduction of Valerie Castro, Exec. Asst.
- ▶ Dining Services RFP Update
- ▶ Concept Takeovers at CenterPointe
- ▶ Financial & Single Audits - Draft Timeline



POLICIES AND PROCEDURES

AUDIT COMMITTEE

Subject: Audit Committee Charge

Policy No.:

Orig. Date: 12/8/2022

Last Revision Date: 12/12/2022

Revision: 1

A. Background & Purpose

The core responsibilities of the Audit Committee are included in the corporation's Bylaws under Section 3c and read as follows:

The Audit Committee is established in compliance with the Nonprofit Integrity Act (Act). The Committee is responsible for assuring compliance with the Act, including but not limited to, recommending to the Board of Directors the retention and termination of independent auditors; negotiating the independent auditors' compensation; conferring with the auditors to satisfy committee members that the financial affairs of the Foundation are in order; reviewing and determining whether to accept the audit; assuring that any nonaudit services performed by the auditing firm conform with the standards for auditor independence set forth in the latest revision of the Government Auditing Standards issued by the Comptroller General of the United States; and approving performance of nonaudit services by the auditing firm.

This Charge serves to elaborate on and clarify the makeup, roles, and responsibilities of the Audit Committee.

B. Composition

The Audit Committee will consist of at least five (5) members as determined by the Board annually, one of which will serve as Chair. One or more non-Board members with expertise in audit, finance, or a relevant field may serve as a Committee Member as determined by the Board annually.

C. Meetings

Meetings of the Audit Committee will be held as necessary, but no less than once per year. Meetings may be held in person, via telephone, over electronic mediums, or in a hybrid format.

The Committee Chair shall lead each meeting with support from Management. In the event that the Committee Chair is absent from a meeting, an Audit Committee Member shall be elected by those Members present to serve as Chair of that meeting. The elected "temporary" Chair must also be a member of the Board.

D. Responsibility & Authority

The Audit Committee functions under the rules governing the Board and Nonprofit Integrity Act. It is responsible for assuring overall audit compliance for the organization. In this context, the Audit Committee shall:

- a. Recommend to the Board of Directors the retention and termination of



POLICIES AND PROCEDURES

independent auditors

- b. Negotiate the independent auditors' compensation
- c. Confer with the auditors to satisfy committee members that the financial affairs of the Foundation are in order
- d. Review and determine whether or not to accept the annual audit reports
- e. Assure that any non-audit services performed by an auditing firm conform with the standards for auditor independence set forth in the latest revision of the Government Auditing Standards issued by the Comptroller General of the United States
- f. Approve performance of non-audit services by auditing firms
- g. Review policies and procedures as needed for the purpose of assuring the adequacy of internal controls and financial operating procedures.



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Office of the Vice President for Administrative Affairs

November 17, 2022

Mr. Vlad Marinescu
Vice Chancellor and Chief Audit Officer
The California State University
401 Golden Shore, 4th Floor
Long Beach, CA 90802

Subject: Cal Poly Pomona's Response to FM Audit 21-12 on Recommendation #9

Dear Mr. Marinescu:

Enclosed is the corrective action from California State Polytechnic University, Pomona in response to the *FM Audit 21-12* recommendation #9. The supporting documentation provided is evidence that the recommendation has been implemented.

If you should have any questions or concerns, please feel free to contact Ms. Joice Xiong, Director of Internal Audit, at 909-869-3332 or yxiong@cpp.edu.

Sincerely,

A handwritten signature in black ink, appearing to read "Ysabel D. Trinidad".

Ysabel D. Trinidad
Vice President of Administrative Affairs & CFO

Enclosures: Campus Response to Recommendation #9
Campus Response Matrix

Cc: Dr. Soraya M. Coley, President
Jared G. Ceja, Executive Director, CPP Foundation
Randy Wallace Jr, Director of Real Estate and Facilities Management, CPP Foundation
Joice Xiong, Director of Internal Audit

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
Facilities Management - Audit 21-12
Campus Response Matrix

Recommendation Number	Description	Implemented	In Progress	Expected Implementation Date
1	Work Order Procedures - FPM		X	1/31/2023
2	Work Order Administration - FPM		X	1/31/2023
3	Preventive Maintenance - FPM		X	1/31/2023
4	Cost Recovery - FPM		X	1/31/2023
5	Key Management - FPM		X	1/31/2023
6	Work Order Procedures - UHS		X	11/30/2022
7	Work Order Administration - UHS		X	12/19/2022
8	Work Order Procedures - Foundation	X		10/31/2022
9	Work Order Administration - Foundation	X		11/30/2022
10	Work Order Administration - ASI	X		11/30/2022

Auxiliary Compliance Audit Results - Enterprises

- Not like the annual Single & Financial Audits
 - 14 Enterprise Auxiliaries have gone through a compliance audit since 2018
 - Average findings – 8.3 of varying significance
 - Lowest number of findings – 1 (CSU San Marcos)
 - Preliminary results for us...
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Cal Poly Pomona Foundation

Conducted by AREAS Consulting & Point Blank **Organizational Review - Executive Summary**

The focus of the review was on adherence to policies and procedures, segregation of duties, internal controls, recordkeeping, consistency across Enterprises, risk assessment, and compliance. It encompassed a combination of Standard Operating Procedures/ Forms/ Documents, interviews with Foundation and Enterprise personnel, onsite property walks, and website review.

GLOBAL OBSERVATIONS AND RECOMMENDATIONS – Highlights on Procedures Implemented

1. Standard Operating Procedures (SOPs)
 - a. Observations
 - i. The SOPs were inconsistent in format, unclear regarding formal policies versus informal procedures, and multiple versions of SOPs existed.
 - b. **Procedures Implemented**
 - i. Standardized all policy and procedure documents along with supporting schedules and forms, and created a single access location for all the documents, made available to all staff.
 - ii. Eliminated obsolete, duplicate, and incorrect forms/documents/schedules.
 - c. In Progress
 - i. SOPs and related forms/documents should have approval levels in place when new ones are drafted, when changes are made, or existing ones are eliminated.
2. Cash Handling
 - a. Observations
 - i. There are multiple Enterprise units and individuals handling cash which can lead to collusion, misappropriation of assets, noncompliance with SOPs, errors, and omissions.
 - b. **Procedures Implemented**
 - i. Ensure all Enterprises are following the Financial Services policies and procedures for cash handling. There should be one cash handling SOP for all Enterprises ([Policy AR#370](#))
 - ii. Implemented a required training for all positions that handle cash. Once upon new hire, and again annually for refresher courses – all mandatory. Includes successful completion of a test on an annual basis.
 - iii. Periodic audits of cash handling procedures conducted in person in a single year.

UNIT/DIVISION - Highlights on Procedures Implemented

EMPLOYMENT SERVICES

1. Documented SOPs and Adherence
 - a. By focusing on updating and drafting new SOPs, ES has increased their usage and compliance with the SOPs in place (Document location: \\fdn.cpp.edu\policies&procedures\Enterprise Foundation Policies & Procedures\Employment Services).
2. Employee Transaction Forms (ETF)
 - a. ES developed an instructional form, updated job aid, and increased training on completing and processing ETFs creating compliance in completing the form accurately and completely for employee transactions.

FINANCIAL SERVICES

1. Segregation of Duties
 - a. FS has sufficient segregation of duties in place across their accounting/financial functions. As such, FS should become the 'foundation' for all Enterprise policy and procedures to provide accuracy, consistency, and compliance (Document location: \\fdn.cpp.edu\policies&procedures\Enterprise Foundation Policies & Procedures\Financial Services).
2. 1099 Review
 - a. A random evaluation of proper classification of 1099s resulted in a favorable conclusion and enhanced review of the process overall.

BRONCO BOOKSTORE

1. Segregation of Duties
 - a. Updated purchase order, disposition, and destruction of outdated materials and approval authority with clearly defined thresholds including the Foundation CFO for approvals of all purchases more than \$15,000 – [Purchasing and Capitalization policy #157](#).
 - b. Clearly defined inventory and receiving practices including third party review on three inventory counts annually and all shipments received. Procedures include – Bronco Bookstore inventory procedure, Receiving Procedure, Purchasing Procedures and receiving manuals.
2. Cash Management
 - a. Implemented a more tightly run cash management program at the point of sale (Bronco Bookstore Supplemental Cash Receipts Policy #BB370).

KELLOGG WEST

1. Tours and donations are clearly tracked in writing (Policy #KW860).
2. A corkage policy was developed (Policy #KW857).
3. Payments against purchase orders are approved by a member of Financial Services (Policy #KW140 and #AP157).
4. A team member of Financial Services approves credit memorandums (Policy #AP120, #AP140).

UNIVERSITY VILLAGE

1. Updated the key issuance and reconciliation policy with tighter controls. Procedures include Key Check-out, Key Request form, Gate Card procedure and Temporary Key Process.
2. Deposit procedures require two approvals for all deposits, per process as defined under the UV Deposit Procedure.
3. For segregation of duties – the process has been reinforced as referenced in Resident Fee Monitoring Policy #UV700, UV/FDN Accounts Receivable Procedures and UV/FDN Deposit Procedures.

DINING SERVICES

1. Tightened cash handling procedures, detailed in Cash Handling Procedures #DS801. Included an updated procedure for record-keeping and addressed supervisor managing cash upon shift change as per DS Access Procedures, and Authorization of Access Procedure.
2. The Food Service Employee Meal Plan (EMP) and Manager Meal Plan (MMP) procedures were revised to better define shift meal and guidelines.
3. Policies were redefined to address segregation of duties for: Ordering, Receiving, Inventory per Purchasing-Receiving-Inventory Procedure #DS810.